

## VERMONT SYSTEM PLANNING COMMITTEE

### MEETING MINUTES DECEMBER 12, 2012 DOUBLE TREE, BURLINGTON

A regular meeting of the Vermont System Planning Committee (VSPC) was held on December 12, 2012, at the Double Tree, Burlington, Vermont. Deena Frankel called the meeting to order at 9:30 a.m.

Steve Litkovitz moved approval of the minutes of the September 12, 2012, VSPC meeting, Hantz Pr sum  seconded and the minutes were approved without objection.

#### **Introductions**

Participants introduced themselves. A list of attendees by sector appears on page 7 of these minutes.

#### **Public Service Board appointments**

Ms. Frankel reported that the terms of all public members expired on October 5, 2012. Jenny Cole has indicated she will not be seeking re-appointment as a public member. Ms. Cole has served on the VSPC for five years and everyone is very appreciative of her service. Hervey Scudder will seek re-appointment by the Public Service Board (PSB) as the primary public member representing interests of residential customers. Janette Bombardier the primary representative for commercial and industrial customers will not seek re-appointment. Johanna Miller, Energy Program Director for the Vermont Natural Resources Council, is willing to continue as the representative for the environmental sector. Ms. Frankel requested members to consider potential candidates for the vacant membership areas. The group discussed organizations that might be helpful in identifying potential business community representatives for possible appointment by the PSB to the business vacancies.

#### **Subcommittee reports**

##### **NW & Central VT Study Group**

Doug Smith reported that the study group continues to analyze potential non-transmission alternatives (NTAs) for the Central Vermont reliability deficiencies identified in the 2012 Vermont Long-Range Transmission Plan. As part of the analysis the group, with the assistance of VELCO, is studying the differences between VELCO's and ISO-NE's load forecasts and the impacts on potential NTA solutions for the Central Vermont reliability deficiency. Mr. Smith thanked VELCO for providing assistance to the group recognizing that studying needs and alternatives does not work without the participation of the transmission owner. The study group is using a Vermont forecast that was agreed to collaboratively through the Energy Efficiency & Forecasting Subcommittee (EE&F). The group expects that, when ISO-NE restudies this area, it will use a lower forecast than the previous study, a forecast which newly incorporates long-term energy efficiency. ISO-NE's load forecast accounts for energy efficiency resources in a different manner as VELCO. ISO is now incorporating all long-term energy efficiency, whereas Vermont's process resulted in a consensus that half the long-term energy efficiency was already embedded in the forecast. Mr. Pr sum  reported that VELCO met with ISO-NE's forecast group to discuss the differences between the load forecasts. Some differences can be resolved, such as generation currently credited to New Hampshire that should be credited to Vermont. The differences will reduce over time, but the process is taking longer than anticipated. A standardized method of forecasting would be ideal.

Mr. Smith reviewed the load zones where generation would be most effective and the assumptions used. The group determined that the Central Vermont deficiency does not need a full transmission solution at this time. Lower load forecasts, driven by slower than previously anticipated economic recovery among other factors, have decreased the reliability gap. For the remaining gap, resources are already being procured through Vermont initiatives and policies, such as the standard offer, net metering, SPEED projects, merger-related commitments by GMP and increased funding of energy efficiency. If the assumptions about load or resources change, Vermont utilities have tools available to respond quickly and at relatively low cost, such as incremental demand response and/or energy efficiency. Vermont has made the determination that the Central Vermont deficiency can be deferred but needs ISO-NE's approval. VELCO is seeking ISO-NE's guidance on process steps for obtaining recognition of Vermont policies and programs that are reducing the gap between system capacity and projected load. ISO-NE is updating the VT-NH needs study in 2013. The study group will finalize its needs analysis after ISO-NE has updated that study.

### Report on ISO-NE meeting

Hantz Pr sum  reported on a presentation given by Mr. Smith, Mr. Pr sum , Fred Szufnarowski and Ms. Frankel to ISO-NE planning on November 27, 2012. The presentation was similar to the presentation given by Mr. Smith today. The purpose of the meeting was to introduce ISO-NE to the idea that the Central Vermont reliability deficiency does not appear to require a transmission solution at this time and to propose that Vermont has energy efficiency and distributed generation resources that are reducing the reliability gap. The programs have a clear contractual or regulatory basis, so ISO-NE should take them into account when it restudies this area. ISO-NE expressed understanding of what was presented and suggested that it will likely perform a sensitivity analysis on this area. The meeting was positive in tone and it appears that we are headed down the desired path. The first needs study was published in April 2012 taking almost two years to complete. The forecast is now very different than what was used in the study warranting an updated study using the new forecast. ISO-NE's revised study should be available in early 2013.

### Update on PV20 Line

Paul Renaud reported that discussions with the New York Power Authority (NYPA) and ISO-NE continue regarding planning assumptions related to power flows over the PV20 line. Historically, Vermont has relied on flows from New York to Vermont over the PV20 to help with reliability in Vermont. New York is no longer guaranteeing flow over the PV20 and ISO-NE is now using an assumption of zero in its modeling, resulting in significant reliability planning impacts for Northwestern Vermont. A guaranteed flow over the PV20 has beneficial reliability impacts on Vermont.

New York is making reliability upgrades that will, when completed, eliminate one of the conditions that is impeding Vermont from relying on flows over the PV20 for reliability planning purposes following a first contingency event. The New York ISO (NYISO) is not, however, willing to put in place an operating agreement guaranteeing flow over the PV20 so a market contract is needed. Only one generation unit in New York is capable of being part of the solution and it has not been running consistently. ISO-NE needs assurance that NYISO would dispatch that unit. The NTA study group agreed to evaluate at a high level the economics of such a contract and report back to the VSPC. It was agreed that, if the concept of a power contract does not pass a high level economic review, it does not make sense to continue to pursue this option.

### Energy Efficiency & Forecasting

T.J. Poor, EE&F chair, reported on the PSB request for the VSPC's recommendation regarding how to fund geographically targeted efficiency measures. The subcommittee has met several times and presents recommendations for consideration today. Final materials were not ready for delivery to members timely pursuant to notice requirements, and the subcommittee is requesting waiver of these rules. The subcommittee recommends continued geotargeting of the St. Albans and Susie Wilson areas. It requests authority to draft a letter to the PSB with the recommendations presented today. It will circulate the letter to members with a one-week

review and comment period prior to filing with the PSB. Mr. Poor then reviewed the circumstances for each area. Uncertainty remains in the St. Albans area with the loss of one industrial customer and the potential gain of two other industrial customers. Demand resources, smart meter installation and standard offer generation may also reduce load in this area. EE&F recommends that the St. Albans area be reassessed in 2013. The Suzie Wilson area is experiencing lower than expected load growth and energy efficiency potential is greater than expected. The need date for this area is pushed out to 2025. EE&F also recommends reassessing the Suzie Wilson area in 2013.

MOTION TO APPROVE THE RECOMMENDATIONS OF EE&F INCLUDING THE REQUEST TO WAIVE THE NOTICE REQUIREMENT AND PROVIDE FOR A ONE WEEK COMMENT PERIOD FOR THE FILING TO THE PSB. Michael Wickenden moved and Kim Jones seconded. The motion passed unanimously.

### **Ad Hoc Process Improvement Group**

Mr. Hopkins and Ms. Frankel reported that charters need to be developed for the new subcommittees and updates for the existing subcommittees. The process is underway but not complete. All charters should include a section addressing how the subcommittee will incorporate public participation and coordinate with the Public Participation Subcommittee. Mr. Hopkins and Ms. Frankel will prepare a checklist of items or template for the new charters. A resolution on discontinuing the Transmission Subcommittee was distributed to members with the meeting materials. Mr. Pr sum  moved and Mr. Litkovitz seconded. Mr. Scudder observed that the sooner a transmission deficiency is identified the more likely an NTA can be the solution. Mr. Scudder recommends the continuation of the Transmission Subcommittee or that its work be assumed by another committee. Munir Kasti also expressed concerns on the dissolution of the subcommittee and the potential of backward movement from statewide transmission planning to utility planning. Mr. Kasti added that not everyone is able to participate in ISO-NE's planning process. Many utilities rely on VELCO's representation at those meetings and it is better to have an opportunity to collaborate before going into the ISO-NE planning process. Tom Buckley added that the discontinuance of the Transmission Subcommittee may not be favorably viewed by the legislature. It may raise concerns that Vermont utilities are not afforded the opportunity to participate in transmission planning. Allan St. Peter expressed concern that without this subcommittee there will be no opportunity to view detailed engineering. Mr. Pr sum  offered that the subcommittee felt the issues are more effectively dealt with in other subcommittees. When the subcommittee was formed, VELCO was primarily responsible for transmission planning and that responsibility is now with ISO-NE. Mr. Litkovitz added that ISO-NE's planning information is posted to its website and publically available. Ms. Frankel offered that members may have a different perspective after the reorganization of the other committees is complete. It might be easier to evaluate how the discussions of the Transmission Subcommittee will be effectuated in the revised subcommittee structure once the charters have been drafted.

MOTION TO TABLE THE RESOLUTION RE: DISBANDING OF TRANSMISSION SUBCOMMITTEE UNTIL THE REORGANIZATION OF THE VSPC COMMITTEES IS COMPLETE. Mr. Kasti moved and Mr. Scudder seconded. The motion passed unanimously.

### **NTA Screening Tool**

Ms. Frankel reported that staff filed the revised NTA Screening Tool with the PSB on September 27, 2012, and has received no response from the PSB to date. Ms. Frankel reviewed the Docket 7081 MOU to verify that the filing was informational and that the PSB does not need to provide formal approval for the revised Screening Tool to be in effect. [Results of follow up: Paragraph 21 of the Docket 7081 MOU states, in part, "The VSPC shall file any updates to the screening tool as compliance filings with the Board." On this basis, it appears the revised screening tool is now in effect.]

### **Technical Coordinating**

Ms. Frankel, subcommittee chair, reported that the group met to set the agenda for today's meeting. As

previously discussed, terms for public members expired on October 5. Ms. Frankel requested authority from the membership for staff to file a request with the PSB for five year appointments for Mr. Scudder and Ms. Miller.

MOTION TO APPROVE FILING BY VSPC STAFF REQUESTING ADDITIONAL FIVE YEAR TERMS FOR MR. SCUDDER AND MS. MILLER. Mr. Wickenden moved and Mr. Litkovitz seconded. The motion passed unanimously.

Ms. Frankel added that IBM does not want to continue to serve as the Commercial and Industrial representative. Staff will reach out to business organizations for interest in participating in the VSPC. Ms. Frankel encouraged members to provide recruitment suggestions. Ms. Frankel will also reach out to the Vermont Energy & Climate Action Network.

## **Old Business**

### **Update on Docket No. 7873**

Ms. Frankel provided an update on Docket No. 7873, opened by the PSB to address the programmatic changes required by Act 170 to the standard-offer program including an exemption from cap for “sufficient benefit” to the electric grid. Two working groups were convened in the docket, one facilitated by VELCO as the VSPC facilitator, and the other initially by the PSD and ultimately facilitated by the PSB staff. Working Group A was charged with identifying reliability issues, defining equivalence and quantifying reliability gaps. Working Group B was charged with defining “sufficient benefit” and addressing characteristics of renewable technologies. Docket 7874 was also opened by the PSB to address market pricing mechanisms. The NTA Study Group, led by GMP, is playing a key role in defining the gap that could be addressed by NTA resources, while GMP is providing analysis of the two “predominantly bulk” issues identified for NTA analysis in the 2012 Vermont Long-Range Transmission Plan; the Hartford/Ascutney area and the Rutland area. Properly placed renewables could avoid the need for a transmission solution to the Central Vermont deficiency and could also play an important role in the northwest reliability issues, though forecasts do not show the northwest issues emerging within the ten-year horizon. The VSPC is seen as convening body to gather information needed to answer questions. Participants are working under a tight time frame. The law requires the PSB to define the meaning of “sufficient benefit” and process for identifying constraints by March 1, 2013, so the program can be operational by April 1.<sup>1</sup>

### **Annual Report**

Ms. Frankel presented the proposed work plan for the Annual Report filing to be made by February 15, 2013. Staff needs additional information from members in order to provide a draft filing for review. Project-specific action plans for issues screened in and project updates on issues screened out need to be provided by January 11. A draft report will be provided to the VSPC by January 18 with comments due to staff by January 25. A second draft incorporating comments of members will be circulated by February 1. Staff will schedule a phone conference if necessary to respond to any concerns and finalize the report for filing with the PSB. Ms. Frankel will provide a checklist of what is needed from members. [Note: this checklist was provided on December 15 to lead utilities for all relevant reliability deficiencies.] The report will address the current uncertainties in load forecasting and information on plans for geotargeting. Ms. Jones reported that GMP South will be reporting that a new analysis using the updated load forecast will be performed on the Rutland subtransmission systems.

## **Regional update**

### **Scope of VT/NH Needs Assessment Update**

Mr. Pr sum  reported that ISO-NE will perform another ten-year Vermont/New Hampshire needs assessment and is in the process of developing the study scope. ISO-NE will present the draft scope for comment at the Planning

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<sup>1</sup> Additional information on Docket No. 7873 can be found on the VSPC website: <http://www.vermontspc.com/Docket%207873/Forms/AllItems.aspx>

Advisory Committee meeting being held tomorrow with a thirty-day comment period following publication of the draft scope. One key difference is that ISO-NE will use a declining load forecast for the new study, rather than the previous forecast, which showed a growing load. Also, a number of regional projects were placed in the service since the previous study, increasing the transfer capability of the transmission system. These changes may have impacts on Vermont. ISO's modeling will continue to consider two significant resources being out of service. Also, ISO conducted another Forward Capacity Auction in February, the results of which will be included in the study. ISO-NE will publish a new load forecast in February 2013, which will be incorporated into the analysis.

VELCO and GMP, on behalf of the NTA study group, met with ISO-NE to discuss the findings of the study group's findings. ISO-NE will perform a sensitivity analysis on the impacts. ISO-NE plans to perform some additional tests to accommodate new NERC standards, which are more prescriptive than current standards. Mr. Pr sum  reported that VELCO used the most severe contingency in its studies, but ISO's studies may still produce different results. ISO-NE's needs analysis should be complete by 2Q 2013 with the solutions selection complete by year end. ISO-NE has not committed to doing another Market Resource Analysis for Vermont. VELCO will continue to push ISO-NE to provide information beneficial to the markets and to advocate for NTAs.

### **Long-term Energy Efficiency in ISO-NE Load Forecast**

Mr. Wickenden reported that ISO-NE's will finalize its load forecast in February 2013. The differences between the 2012 forecast and the 2013 forecast are small. ISO-NE is using the same production cost model as previously used. ISO-NE has made great strides in recognizing Vermont's energy efficiency investment, but is holding Vermont's budget constant even though Vermont's investments in energy efficiency will increase 7% per year while applying increasing production costs. Vermont is currently 4% of the region's energy and is expected to rise .9% which is considerably less than the 1.5% previously forecasted. Participants have until January 2013 to comment on the forecast. Mr. Wickenden's comments will include a request to give consideration to the PSB approved energy efficiency budgets when planning for Vermont.

### **Status of NESCOE NTA Analysis Proposal**

Ms. Frankel updated the group on the status of the NESCOE NTA analysis proposal shared with the group at the September VSPC meeting. Each New England state but one has a requirement for utilities to consider non-transmission alternatives, but Vermont is the only state that requires NTA analysis during planning rather than waiting until the permitting stage. NESCOE's proposal is for all states to integrate some form of NTA analysis into the planning process. NESCOE gathered input from all New England states and utilities before finalizing its proposal, which allows for significant state-specific adaptation.

Mr. Wickenden inquired regarding the ability to recover regionally costs associated with NTA analysis. It's a disincentive without regional cost recovery. The Docket 7081 MOU, however, does not allow for the regionalization of costs associated with NTA analysis. Mr. Smith added that studies of bulk system deficiencies typically require consultants giving rise to significant study costs. Cost recovery in Docket 7081 defers and amortizes those costs. If regional treatment of NTAs is allowed, the VSPC will want to revisit the cost recovery mechanism in Docket 7081.

### **Other Current Issues**

#### **Regulatory agencies staffing changes**

Dr. Hopkins reported that Vermont regulatory agencies are undertaking a number of personnel changes relevant to transmission planning and NTAs. Elizabeth Miller, PSD Commissioner has accepted the position of Chief of Staff for Governor Shumlin. Mr. Chris Recchia, former Deputy Secretary of the Agency of Natural Resources, has been named Acting Commissioner for the PSD. Hans Mertens former Director of Engineering Services and ISO-NE liaison for the PSD, and Pamela Stonier, Utility Analyst and ISO-NE liaison for the PSB, both retired this year. William Jordan has replaced Mr. Mertens as the Director of Engineering Services for the PSD. Edward McNamara, formerly

an attorney with the PSB, will assume a new position as Regional Policy Director of the PSD and will, among other things, be the Vermont representative at ISO-NE. The PSD will leverage its relationship with NESCOE on many of the regional issues. Sarah Hofmann, former PSD Deputy Commissioner, also left the Department to become Executive Director of the New England Conference of Public Utilities Commissioners (NECPUC). The position of Deputy Commission for the PSD remains vacant, and the PSB is considering how to effectively replace Ms. Stonier.

### **Proposed ISO-NE report**

Ms. Frankel requested comments from participants on the proposed VELCO ISO-NE report. VELCO is looking for opportunities to keep participants up-to-date on ISO-NE activities. Frank Etori, Director of NEPOOL/ISO-NE relations for VELCO has prepared a report detailing recent activity. Comments should be directed to Ms. Frankel. If available, Mr. Etori will attend future VSPC meetings.

### **Project Updates**

#### **Project-specific action plans**

Project-specific action plans will need to be ready for the annual report, and will be discussed at the March quarterly meeting.

#### **Hartford/Ascutney (GMP)**

Ms. Kim Jones reported that GMP is considering alternatives and are analyzing with NGrid a tie at Wilder. If necessary, it will consider reconductoring and adding capacity banks.

#### **Rutland**

Ms. Jones reported that GMP is performing a new analysis using the new load forecast and will be putting together a project-specific action plan. GMP will request a six-month extension to complete its analysis.

#### **Colchester**

Mr. Litkovitz reported that GMP needs to repair a line washed out by floods last year. This requires taking a line out of the Winooski River and moving it onto land. GMP is experiencing opposition to its proposal. After the line is repaired, it will be possible to unload the area and install a new distribution line will into the City of Winooski and reconductor the line from McNeill to the Gorge substation.

#### **St. Albans/East Fairfax**

Ms. Jones reported that this project involves installation of a 115/34.5 kV transformer at the Georgia substation. GMP plans to begin public outreach 1Q of 2013, file for Section 248 approval with the PSB during the summer of 2013, and begin construction the summer of 2014.

#### **Vernon**

Ms. Jones reported that this project consists of installing a 115 kV breaker at the Vernon Road substation. Construction is expected to begin in April 2013 and complete by September 2013.

### **Adjournment**

The meeting was adjourned at approximately 4:25 p.m.

**Next Meeting:** Quarterly meeting to be held on March 13, 2013, at the Langevin House, Vermont Technical College, Randolph, Vermont at 9:30 a.m.

## ATTENDANCE

\*Indicates voting member at this meeting

\*\*Indicates Alternate

### Public Sector

\*\*Hervey Scudder, Residential

### Transmission Utility (VELCO)

\*Hantz Pr sum , VELCO

Diana Lee, VELCO

Bernadette Fernandes, VELCO

Paul Renaud, VELCO

Cleveland Richards, VELCO (phone)

### Distribution Utilities Providing Transmission

**(CVPS, GMP, VEC)**

\*Steve Litkovitz, GMP

\*\*Doug Smith, GMP

Kim Jones, GMP

Morris Silver, GMP

\*Kris Smith, VEC

### Large Transmission-Dependent Distribution Utilities

**(BED, Vermont Marble, WEC)**

\*Munir Kastl, BED

### Transmission Dependent Distribution Utilities (Municipals)

\*Melissa Bailey, VPPSA

Proxy for Village of Enosburg Falls

Proxy for Village of Johnson

Proxy for Village of Ludlow

Proxy for Town of Hardwick

Proxy for Swanton Village

Proxy for Village of Morrisville.

### Supply and Demand Resources

\*Michael Wickenden, EEU

Tom Buckley, BED

### Non-Voting Members

Walter Poor, DPS

Al St. Peter, DPS

### Staff

Deena Frankel, VELCO

Kimberly Pritchard, VELCO

### Guests

Robert White, Northern Reliability